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Sen. Laura Toy works to double tax credit for low income families, boost state's economy

LANSING – The state Senate today passed the Michigan Earned Income Tax Credit (EITC), a state tax credit equal to 20 percent of the federal EITC, said Sen. Laura M. Toy, 6th District, who hailed the measure as a victory for low-income families and Michigan's economy.

"This measure will put money back into the pockets of those who need it most," Sen. Toy said. "It will also pump dollars into Michigan's economy when qualifying individuals use their refunds to purchase needed goods and services within our state."

A 10 percent credit would be available for tax years beginning after Dec. 31, 2007. Sen. Toy was the sponsor of an amendment adopted by the Senate which would increase that credit to 20 percent in 2009.

According to the Senate Fiscal Agency, a family of four qualifying for the maximum federal credit could see an additional \$440 credit from the state in 2008. They could receive double that amount in 2009 if Sen. Toy's legislation is enacted.

"While inflation has been low overall, essential living expenses like water bills, heating costs and the price of gasoline continue to increase," Sen. Toy said. "This new state tax credit is going to help families to deal with that burden."

The federal EITC is a refundable income tax credit for low-income working individuals and families created by Congress in 1975 to offset the burden of social security taxes and to provide an incentive to work.

The Senate also:

- Gave immediate effect to House Bill 6213 to save jobs and avert unnecessary costs and burdens when the minimum wage increase takes effect in October. It protects the ability of many employees to work more than 40 hours per week in such industries as retail sales, automotive sales, healthcare and newspapers, among others.
- Passed Senate Bill 1364 to establish a youth minimum wage equal to 85 percent of the current hourly minimum wage. The proposed legislation is designed to provide job opportunities for Michigan's young workers. There is concern the new higher wage would have a direct and negative impact on thousands of jobs for high school students across the state who are employed in supermarkets, restaurants, movie theaters, golf courses, hotels and retail stores.

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- Passed legislation to create a new Merit Award scholarship program that would provide up to \$4,000 for students who complete two years of post-secondary education while maintaining a 2.5 GPA.

“Today we cut taxes for the working poor, stimulated Michigan’s economy, preserved thousands of jobs, created job opportunities for Michigan’s youth and increased funding for college scholarships, ” said Senate Majority Leader Ken Sikkema, R-Wyoming. “Earlier this summer, I said that in return for fixing the overtime legislation, I was willing to do things that are good for Michigan’s future. Every one of these bills accomplishes that goal.”

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